

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NRC-05 NSAE-00 USIA-06

TRSE-00 ERDA-05 CIAE-00 COME-00 MC-02 INR-07 /045 W

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P 171133Z SEP 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 5087

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 27184

E.O. 11652: XGDS-1

TAGS: ESTC, FR

SUBJECT: EXPORT OF ADVANCED COMPUTERS TO FRANCE

REF: A) STATE 224308; B) PARIS 24703

1. UPON RETURN SEPTEMBER 14 OF COUNSELOR FOR AMERICAN ECONOMIC AND FINANCIAL AFFAIRS IN FOREIGN OFFICE, SAZARIN, WHO IS REGULAR EMBASSY CONTACT ON LETTERS OF ASSURANCE, COMMERCIAL OFFICER INQUIRED ABOUT STATUS OF LETTER OF ASSURANCE FOR IBM 370/168-CT 552 FOR ASSURANCE GENERALES DE FRANCE REQUESTED MARCH 24, 1976. SAZARIN REPLIED SAME DAY STATING THAT HE HAD CHECKED THE STATUS OF THE LETTER AND THAT THE EMBASSY COULD EXPECT TO BE RECEIVING THE LETTER SHORTLY. HE VOLUNTEERED THAT THERE WERE NO PARTICULAR PROBLEMS.

2. ON SEPTEMBER 15 COMMERCIAL OFFICER HAD EXTENDED AMICABLE AND INFORMATIVE MEETING WITH IBM OFFICIALS JOHN COLLINS FROM WASHINGTON AND MESSRS. CREMAIL AND VINCENT FROM IBM FRANCE. COLLINS POINTED OUT THAT SALES OF \$30 MILLION ARE INVOLVED IN PENDING LETTERS OF ASSURANCE. IN ADDITION TO IBM 370 FOR ASSURANCE GENERAL, LETTERS OF ASSURANCE WERE REQUESTED ON MAY 19 FOR 370'S FOR MUTUELLE GENERALE FRANCAISE ACCIDENTS AND FOR THE BANQUE NATIONALE DE PARIS.

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3. COLLINS AND OTHER EXECUTIVES MENTIONED NEW DECREE

(CITED IN REFTTEL A) AS POSSIBLE JUSTIFICATION FOR GOF
DELAY ON PENDING CASES. HOWEVER, IN RESPONSE TO OUR
QUERY WHETHER REAL EXPLANATION MIGHT BE PROTECTIONISM
THEY STATED THAT THERE IS NO FRENCH MADE COMPETITOR
TO IBM 370. THEY EXPRESSED CONCERN HOWEVER THAT WORD
OF DELAY ON LETTERS OF ASSURANCE MIGHT GET AROUND
TO OTHER POTENTIAL CUSTOMERS WHICH COULD ENCOURAGE
CLIENTS TO CONSIDER MORE QUICKLY AVAILABLE ALTERNATIVES.

4. ON BASIS OF UNUSUAL DELAY IN ISSUANCE OF LETTER OF
ASSURANCE (5 MONTHS) THERE IS WHAT APPEARS TO BE A
PRIMA FACIE CASE OF USE OF LETTERS OF ASSURANCE AS
A HINDRANCE TO SALE OF US COMPUTERS. HOWEVER, THE
EMBASSY FOR THE REASONS OUTLINED BELOW DOES NOT
BELIEVE IT APPROPRIATE AT THIS STAGE TO MAKE A HIGH
LEVEL APPROACH TO GOF CITING THIS CASE AS EVIDENCE OF
PROTECTIONISM. AS THE DEPARTMENT WAS INFORMED VIA
REF B) LETTER OF ASSURANCE WAS ISSUED FOR UNIVAC
COMPUTER DESTINED FOR SHELL ON AUGUST 24. EMBASSY HAS
NO RECORD OF DATE OF APPLICATION BUT WAS TOLD BY
UNIVAC THAT IT WAS ABOUT TWO MONTHS PRIOR TO ISSUANCE.

5. OFFICIALS OF THE FRENCH GOVERNMENT, PARTICULARLY
IN THE MINISTRY OF INDUSTRY, HAVE HAD A GOOD DEAL
ON THEIR PLATE LATELY. THIS INCLUDES PRODUCTION OF THE
1976-80 ECONOMIC PLAN, ORGANIZATION OF THE STRUCTURE OF
THE FRENCH COMPUTER INDUSTRY, ESTABLISHING THE ROLE OF
DIFFERENT COMPANIES IN THE COMMUNICATIONS FIELD AS WELL

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ACTION EB-07

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 5088

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 27184

AS UNDERSTANDABLE DELAYS IN DECISION-MAKING ARISING FROM CHANGE OF GOVERNMENT AND CLOSEDOWN OF FRANCE DURING THE AUGUST VACATION PERIOD. AS NOTED ABOVE IT WAS ONLY YESTERDAY THAT EMBASSY'S USUAL CONTACT FOR LETTERS OF ASSURANCE RETURNED FROM VACATION.

6. IT WOULD HAVE BEEN QUITE POSSIBLE FOR IBM TO HAVE MADE AN EARLIER INQUIRY ABOUT THE STATUS OF THE LETTER OF ASSURANCE. ONE WONDERS WHETHER THEY ARE NOW TRYING TO MAKE UP FOR LOST TIME (IBM EXECUTIVES TAKE VACATIONS ALSO) BY PRESSURING THE US GOVERNMENT TO MAKE IMMEDIATE HIGH LEVEL REPRESENTATIONS ALLEGING DISCRIMINATION. IT IS ALSO POSSIBLE THEY SEE OPPORTUNITY TO MAKE CASE FOR COMPLETE REMOVAL OF REQUIREMENT FOR LETTERS OF ASSURANCE.

7. IN DISCUSSIONS WITH MR. COLLINS AND OTHER IBM EXECUTIVES THEY SEEMED TO ACCEPT, AFTER HAVING MADE CASE FOR PROMPT EMBASSY ACTION AT HIGHEST LEVEL THAT OTHER AVENUES SHOULD BE EXPLORED FIRST.

8. AS FINAL NOTE IT SHOULD BE KEPT IN MIND THAT AFTER ALL LETTERS OF ASSURANCE ARE USG, NOT GOF, REQUIREMENT. PERHAPS THEY HAVE OUTLIVED THEIR USEFULNESS IN VIEW OF DEVELOPMENT IN FRENCH EDP CAPABILITY SINCE THEIR INSTITUTION IN 1966.
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